

## DEPARTMENT OF FINANCE BILL ANALYSIS

**AMENDMENT DATE:** Original  
**POSITION:** Oppose  
**SPONSOR:** California State Controller

**BILL NUMBER:** AB 597  
**AUTHOR:** M. Eng  
**RELATED BILLS:** AB 2457 (2010) and  
AB 2123 (2008)

### **BILL SUMMARY:** California Financial Literacy Fund

This bill would:

- Establish the California Financial Literacy Fund (CFL fund) and require the Controller to administer it for the purpose of enabling partnerships with the financial services community and governmental and non-governmental stakeholders to improve Californians' financial literacy.
- Authorize the Controller to deposit private donations into the CFL fund from entities with no direct financial interest in any financial products. The bill would require those moneys to be made available upon appropriation in the annual Budget Act.
- Authorize the Controller to convene an advisory committee to provide oversight of the CFL fund and develop strategies to improve financial literacy. Any state agency, board, commission, or constitutional officer electing to participate in the advisory committee would be required to use existing resources.
- Beginning in 2013, the Controller would provide an annual summary to specified committees of the Legislature to report on the use of the CFL funds, when appropriated.

### **FISCAL SUMMARY**

According to SCO, costs are minor, absorbable and won't create a new program. However, Finance is concerned that the SCO may feel compelled to redirect limited resources from other programs in order to achieve some of the goals of the CFL fund, such as convening an advisory committee.

### **COMMENTS**

Finance opposes this bill for the following reasons:

- This bill is not necessary as information is already available to Californians through various online resources and through financial institutions and service providers. The SCO recently launched a website—Your Finances, Your Future—that covers basic financial information and contains links to other sources such as a federal government website (MyMoney.Gov) dedicated to teaching all Americans the basics about financial education.
- This bill would create pressure on other state agencies to use existing resources to participate in the financial literacy advisory committee.
- The SCO indicates it may incur costs that would be absorbed by the SCO's General Fund budget. Due to the current financial condition of the state's General Fund most budgets, including SCO's, are stretched just to maintain existing activities. Any General Fund redirection for the implementation of this bill could impact other critical priorities within SCO.

Both AB 2457 (Salas, 2010) and AB 2123 (Lieu, 2008) would have established the CFL fund to improve financial literacy similar to that proposed in this bill. Governor Schwarzenegger vetoed both bills indicating that they duplicate existing services and resources related to financial literacy that are provided by organizations, including Bank on California, created in 2008.

Analyst/Principal (0122) O. Chaves	Date	Program Budget Manager Veronica Chung-Ng	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

<b>BILL ANALYSIS</b>	Form DF-43 (Rev 03/95 Buff)
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**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)****Form DF-43****AUTHOR****AMENDMENT DATE****BILL NUMBER**

M. Eng

Original

AB 597

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							
	LA	(Dollars in Thousands)							
	CO	PROP							Fund
	RV	98	FC	2010-2011	FC	2011-2012	FC	2012-2013	Code
0840/Controller	SO	No	-----	See Fiscal Summary				-----	0001